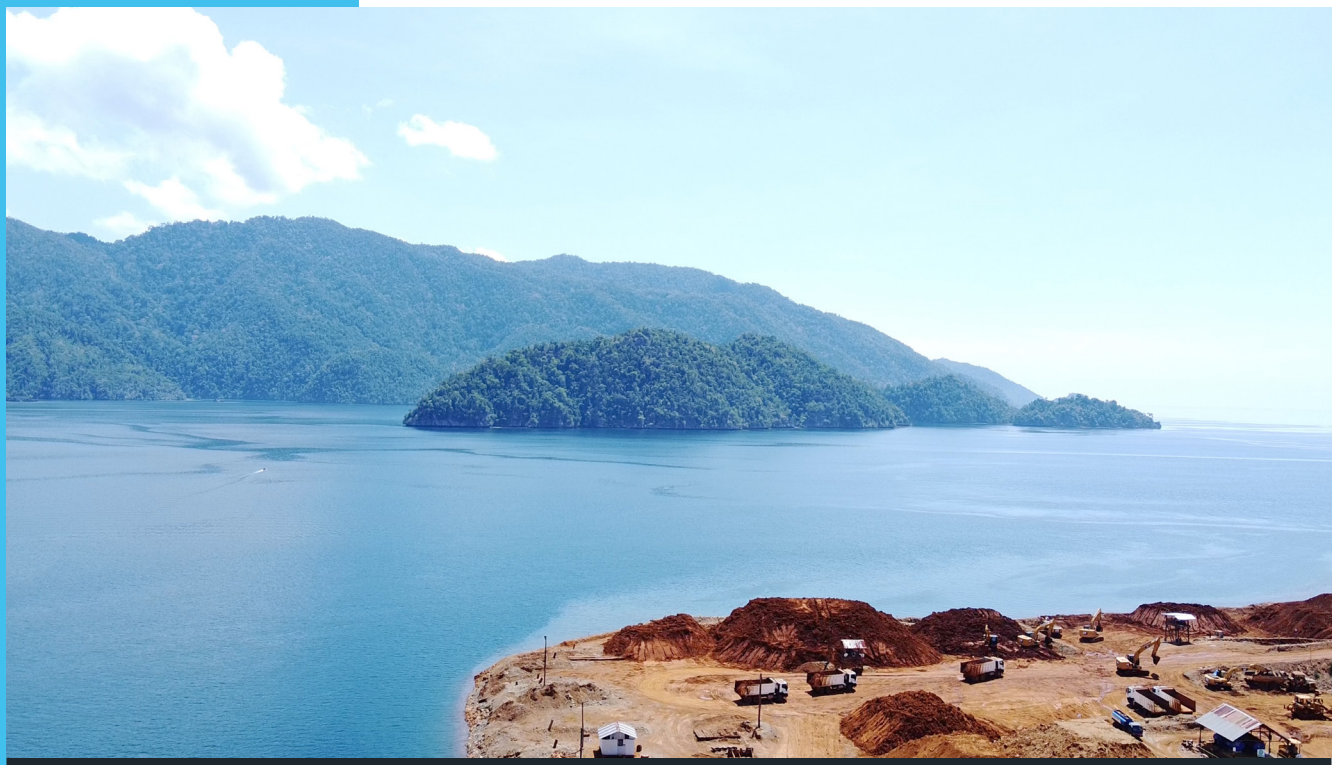


PROJECT REPORT

ENGAGING COMMUNITIES IN A JUST TRANSITION THROUGH EITI INDONESIA IMPLEMENTATION

2024

Executive Summary

The energy transition is expected to shape the future of resource-dependent countries, impacting government revenues, investment decisions, and development at the local level. While some regions and localities might benefit from increased investments in strategic minerals, others might face economic losses when transitioning away from fossil fuel production. The transition to a low-carbon economy will have implications for the world's reliance on fossil fuels as a source of energy and the supply of strategic minerals, which are vital in scaling up renewable energy and electric batteries. For communities dependent on fossil fuel production and mineral extraction, the energy transition will impact revenues derived from extractive activities, employment and local procurement opportunities, and companies' social and economic contributions.

In order to improve natural resource governance and oversee a just energy transition in Indonesia, Publish What You Pay (PWYP) Indonesia and IDEA Yogyakarta with the support of the EITI International Secretariat are implementing the "Engaging Communities in a Just Transition through EITI Indonesia Implementation" project.

This project is to support civil society and local communities specifically those in the North Morowali District, Central Sulawesi, to understand better the energy transition's impact on the extractive sector and their livelihoods. Particularly, in the issues of variations in sub-national revenue from ongoing and planned projects informed by EITI-data. This project is to support EITI Indonesia's MSG better understanding of local community needs, opportunities and possible risks around the energy transition through sub-national level reporting – based on the case study community in the Morowali District. Also, support to the Local communities with an opportunity to engage the EITI Indonesia MSG-platform to amplify the voice of communities for improved energy and natural resource governance.

This program conducted a series of discussions that directly involved the community from Tiu and Maralee villages, (including from the village of Bungintimbe, Molores, and Towara which joined later), and got several findings that can be grouped into 3 categories:

1. Access to information

. Related to the concept of energy transition and its impact, the communities in those villages only understand that the rampant exploitation of nickel mining and the growth of the smelter industry in North Morowali, is used for materials for battery products.

. Communities around the mine didn't know much about various regulations related to mining management since the pre-mining period, during mining activities and post-mining.

. There was no information around the mining location regarding the types of minerals being mined, the size of the mining area and the capacity or volume of the minerals being mined.

. The communities did not know much about the potential of mining and renewable energy in their area.

. Regarding budget information, both regulations related to the budget, budgeting mechanisms and processes as well as budget documents, the public didn't know much.

. The Communities didn't know much about the social and environmental responsibilities of the company.

2. Utilization and information for the community

. Based on discussions with the communities regarding how to improve transparency and governance of mining activities, the community agreed on the following points:

a. There is a need for socialization and explanation regarding the rules that underlie mining activities so that it can be used as a guide for the community to behave and supervise mining activities in their area.

b. The communities hope that several related regulations at the provincial and district levels will also be disseminated to the community.

c. There needs to be an explanation regarding the relationship between the village budget (APBDES) and the implementation of the mineral and coal's revenue sharing funds (DBH) for the Village.

d. There is a need for information related to permits for clarity on/and mining area boundaries.

e. There needs to be clarity regarding environmental permits and what are the company's environmental responsibilities and how they are implemented, especially in monitoring the environmental impact of mining activities.

f. There needs to be clarity and transparency regarding corporate social responsibility and obligations as well as CSR programs for the community so as not to confuse and cause conflict at the community level.

g. Tiu and Maralee Village Governments currently have village websites which are expected to be a means of socialization and information for residents. It is hoped that the website can function with the related data above as well as through the District and District Government websites.

3. The importance of building EITI at the local level

. None of the communities in those villages knew about the EITI initiative and what data and information was produced by EITI. Although the community at the community level didn't know about EITI, after receiving an explanation from the consultant team, the communities seemed very enthusiastic about supporting it. The community has high expectations that the problems of mining impacts that currently threaten the Tiu Lake ecosystem which is a source of water, livelihoods and community livelihoods/food can be resolved, especially through mediation through multi-stakeholder forums.

. This project had several follow-ups plans and commitments agreed upon by participants, both from the community, CSOs, and the local government, several opportunities, such as:

* High enthusiasm to established Local EITI from the participant from North Morowali District because they hope that the EITI initiative can be a way to find joint solutions between the community, government, and mining companies related to various problems.

* From CSO's in Central Sulawesi, they had commitment to strengthen the network to oversee the energy transition, including the need to expand the socialization of EITI reports to the regions, including areas around mines or renewable energy projects.

* From the results of the training for Regional Apparatus Organizations (OPD) of Central Sulawesi Province had commitment to discuss with the Governor of Central Sulawesi to discuss on establishing Local EITI in Central Sulawesi

. Several space for engagement opportunities that exists at the local level could use to amply data and information which needed by communities such as:

* Using community meetings for dialogue and socialization and increasing active participation of citizens through community meetings (women's groups meetings, youth village groups, sub village meetings, farmer groups meeting)

* Maximising village planning process forums with special discussions on mining issues and energy transition (thematic issues).

. This project also provide several recommendations, such as:

1. For Central Government, particularly Ministry of ESDM and Ministry of Finance as a leading sentor on MSG EITI Indonesia

    a. Socialization is needed from the Central Government to the Provincial and Regency/Municipal Governments regarding the importance of transparency and accountability in the natural resource sector, especially the mining sector, so that the regions can provide the information needed by the community and stakeholders in the mining sector, especially related to related policies.

    b. It is necessary to intensify promotions related to EITI initiatives at the regional level to the district/city and village levels so that the community can participate in encouraging the implementation of all the value chains of EITI at the regional and community levels.

    c. The Ministry of Energy and Mineral Resources needs to encourage dashboards for transparency and accountability facilities for evaluating the implementation of EITI commitments to the provincial and district/city levels that can also be used by the community.

    d. The Ministry of Energy and Mineral Resources needs to strengthen coordination with relevant agencies, especially in overcoming the impacts of mining that damage the environment and have further impacts on the social and economic activities of the communities around the mines.

2. For The Local Government (North Morowali District)

    a. Local government have to support for the institutionalisation of EITI in North Morowali in the process of preparing for the energy transition at local level. For example the availability of data portals according to the extractive industry value chain, provision of information on funds for mines, production volumes, and sales prices of nickel, cobalt and geothermal, mining licenses (IUP), Corporate Social

Responsibilty (CSR) program funds, socio-economic and environmental impacts, environmental impact analysis

b. There needs to be more frequent multi-stakeholder forums at the Provincial and District City levels by involving the community and other stakeholders such as; local ombudsman, local transparency committees, journalists and local NGO's.

3. For The Local Government (Central Sulawesi Province)

   a. Provide education on Renewable Energy for the community around the Mining Industries.

   b. There is a map of electricity needs on and off the grid in the area around the mine

   c. Renewable energy development plan for the communities (in collaboration with the company's CSR program).

   d. Pushing the priority of construction of renewable plants for the community (not the company).

   e. Provide portal data and socialisation of EITI-platform and EITI report at local level.

   f. Provide the result of reguler environmental impact monitoring.

   g. Monitoring how to overcome the social and environmental impacts that have been carried out. Example: stunting, clean water crisis, food security.

4. For Local CSO's

   a. Active participation through community meetings (women's groups meeting, sub village meetings, for discussions specifically on mining issues and the energy transition (thematic issues)) with local government and company.

5. For mining and smelter companies

   a. Intensive dialog with communities around mining industries.

   b. Responsible for the environmental impact of mining.

   c. Disclosure of the program and budget allocation of CSR for community.

Introduction

Since 2010 Indonesia has adopted global standards known as the Extractive Industries Transparency Initiatives (EITI). The implementation of this initiative was marked by the issuance of Presidential Regulation (Perpres) Number 26 of 2010 concerning Transparency of State Revenues and Regional Revenues Derived from the Extractive Industry which was later amended through Presidential Decree Number 82 of 2020 concerning the Committee for Handling the 2019 Coronavirus Disease (COVID-19) and Economic Recovery National. The purpose of the EITI initiative is to strengthen the system of governance and corporate governance, by encouraging public discussion and community participation in its management.

The EITI Standard encourages transparency from licensing and contracts, production, state revenues, and exports, to distribution to regions and the environmental and social impacts of the extractive industry. EITI implementation requires the involvement of multi-stakeholders, including governments, companies and civilt society. In its journey, the implementation of EITI in Indonesia has focused on transparency and accountability in the extractive sector, especially oil and gas as well as mineral and coal mining. However, EITI is also required to adapt and contribute to accelerating the acceleration of a just energy transition in Indonesia.

Indonesia has actually carried out energy diversification by combining fossil energy and clean energy. Even though the dominance of fossil energy supply is still high, the government has started to pay attention to energy that is morer environmentally friendly. In addition to renewable energy such as water, solar, wind, the government is developing battery-based electrical energy. Where in its manufacture requires nickel as a component of its formation. Now Indonesia is developing a battery industrial area in Morowali, Central Sulawesi which is also the largest nickel producing area in Indonesia.

The EITI as an initiative that encourages disclosing data and information on the natural resources sector, as well as providing collaboration between stakeholders through the EITI Indonesia Multi-Stakeholders Group (MSG) Forum, encouraging an involvement in a just energy transition framework. By exploring how to use the data that has been disclosed in the Indonesian EITI report as well as those currently being mainstreamed, conducting EITI analysis in policy dialogue, and considering the scope of useful information and disclosure including tax and non-tax fiscal risks that may occur as a result of the transition. Specifically, the EITI is exploring the role it can play in ensuring communities have access to information on the local impacts of the energy transition and have opportunities to participate in multi-stakeholder dialogue.

In order to improve natural resource governance and oversee a just energy transition in Indonesia, Publish What You Pay (PWYP) Indonesia and IDEA Yogyakarta with the support of the EITI International Secretariat are implementing the "Engaging Communities in a Just Transition through EITI Indonesia Implementation" project.

Project Objectives

a. Civil society and local communities, specifically those in the North Morowali District located Central Sulawesi, with a better understanding of the impact of the energy transition on the extractive sector and their livelihoods, specifically on variations in sub-national revenue from ongoing and planned projects informed by EITI data,

b. The EITI Indonesia MSG with a better understanding of local community needs, opportunities and possible risks around the energy transition through sub-national level reporting – based on the case study community in the Morowali District, and

c. Local communities with an opportunity to engage the EITI Indonesia MSG platform to amplify the voice of communities for improved energy and natural resource governance.

Key Activities

- **Component 1: Scoping study, assessment on sub-national revenue data on extractive and energy transition projects and recommendations**
  * Wrote report on Scoping Study and Assessment of extractive and energy transition projects and recommendations in North Morowali District “Engaging Communities in a Just Transition through EITI Implementation Program”
  * Conducted FGD EITI Data Community Use and Needs Assessment on August 20, 2022, in Tiu Village, North Morowali District, Central Sulawesi,
- **Component 2: Stakeholder Capacity Building**
  * Workshop “Institutionalizing Extractive Industries Transparency Initiatives (EITI) at the Local Level Supporting Just Energy Transition in North Morowali District” on December 28, 2022, in Kolonadale, North Morowali District, Central Sulawesi,
  * Training “Strengthening the Role of Civil Society Organization (CSO) in Encouraging Just Energy Transition through EITI Implementation in Central Sulawesi” on January 16, 2022

    * Training for local communities “Increasing Community Participation in Improving Mining Governance and Just Energy Transition in North Morowali” in North Morowali District, Central Sulawesi on February 6-7, 2023.
    * Training “Institutionalizing Extractive Industries Transparency Initiatives (EITI) at the Local Level in Support of Just Energy Transition in Central Sulawesi” on March 7-8, 2023 in Palu, Central Sulawesi (Sulteng)
    * Public Discussion “Encouraging Equitable Mineral Transition Through EITI Implementation in Indonesia” on March 30, 2023, in Central Jakarta.
- **Component 3: National Engagement and Learning**
    * Developed National Engagement Plan

Project timeline

April 2022 – May 2023

Short Profile of the Consultant Team

This project implemented by PWYP Indonesia’s consultant team in collaboration with IDEA Yogyakarta. PWYP Indonesia is a civil society coalition for transparency and accountability of extractive resource revenues and governance of oil, gas, minerals, and other natural resources. PWYP Indonesia was established in 2007 and registered as Indonesian legal entity in 2012 as Yayasan Transparasi Sumber Daya Ekstraktif with registered foundation number AHU-002650.10.2014. IDEA is a civil society organization and a member of PWYP Indonesia's Coalition, founded in 1995 to promote public policies that respect economic, social and cultural rights through development planning and budget advocacy.

Community Profile

Geographic Location of the Communities

There are two communities from 2 villages, namely:

1) Tiu Village

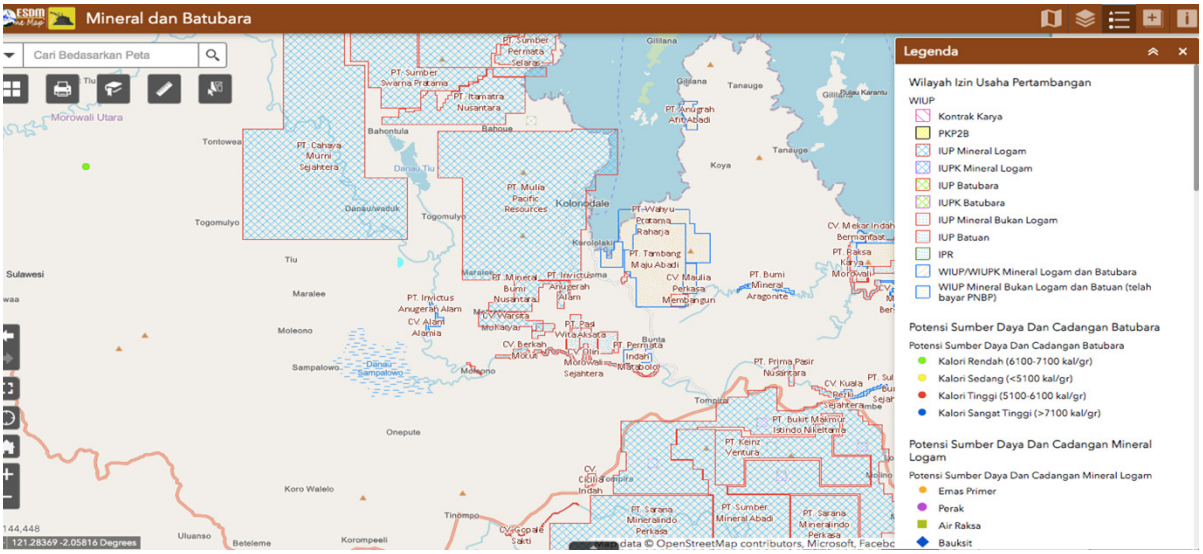
2) Maralee Village

Tiu Village and Maralee Village was selected based on several considerations:

1. Proximity to mining activities that are actively operating. Proximity to the potential for developing renewable energy project.
2. Having Communities who interest in promoting better mining and renewable energy governance.
3. Having a location that is easily accessible and the availability of contacts with local people who can help accelarate community strengthening and policy advocacy.

Tiu and Maralee villages are located at West Petasia Sub District, North Morowali District, Central Sulawesi Province. Those villages are located around the mining licenses (IUP) area for nickel production operations owned by PT . Mulia Pacific Resources (MPR), PT. Sumber Swarna Pratama (SSP), PT. Bumanik, and PT . Mineral Bumi Nusantara (MBN). They were companies providing nickel raw materials to the industrial area of PT. Gunbuster Nickel Industry (GNI).

Figure 1 Location of Tiu and Maralee Villages



Source: ESDM Geoportal, 2022

Aside of it, near these 2 villages there were plots of Solar energy potential area by the ministry of Energy and Mineral that could produce 3,83 KwH and some of planned Micro Hydro projects.

In the implementing of this project, several communities were also enthusiastic and actively involved in several activities, both training and workshops, including communities from the villages of Bungintimbe, Molores, and Towara.

An Overview of Key Socio-Economic Characteristics

In general communities from Tiu and Maralee villages have a livelihood as farmers and fishermen near of Lake Tiu. However, after the operation of several nickel mining companies, the absorption from the local villagers to be employed in mining activities in their village is quite large. Approximately 250 youths from the 2 villages work in the mining sector.

Based on statistical data from Central Bureau of Statistics (BPS) of North Morowali Disctrict related to the description of the administrative area at the Sub-District level (Kecamatan in Figures in 2022), some important data related to the condition of the two villages are explained in the following table below.

Tabel 1 Statistical Data Comparison of Project Destination Villages

Indicator	2020	2021	Notes
Total Population	120.789	121.647	Slighty Increased
PDB	1,5%	1,5 %	Stagnant
PDB	11.160,86 billion rupiahs	13.086,80 billion rupiahs	Increased
PDB Growth	-0.23%	10,47%	Significant Increased
Poverty Level	14.10%	13.90%	Slighty Decreased
Human Resources Index	68,36	68,38	Stagnant

Source: North Morowali in Numbers, 2023 (BPS Office of North Morowali District)

Tiu and Maralee (also Bungintimbe, Molores, and Towara) villages are located at North Morowali District, Central Sulawesi Province, Indonesia. North Morowali District is an area with a total area of 10,004 square kilometers. The total population of North Morowali District in 2020 is 120,789 people with a sex ratio of 108.9 and the growth rate during the 2010-2020 period is 1.50%.

The poverty rate in North Morowali District is still quite high, namely 14.10% (above the national poverty rate 10,19%) with a total of 18,380 people in 2020 but has a downward trend in 2021 to 13.9% (still above the national poverty rate 9,71%) with an increasing number of poor people who are steadily proportional to population growth, which is 18,400 poor's in 2021.

The value of the Human Development Index (HDI) of North Morowali District was also slightly corrected from 68.36 in 2020 (below the national HDI 71.94) to 68.48 in 2021 (still below the national HDI 72.29)

Economic growth of a region can be seen by comparing the Gross Regional Domestic Product (GRDP) at constant prices year-on with the previous year. GRDP at 2010 constant market prices of Regency of Morowali Utara in 2021 has increase 10,47 percent from a year earlier.

Based on statistical data from BPS of North Morowali Disctrict (2023), Over the last five years (2018- 2022) economic structure in North Morowali Disctrict dominated by five (5) categories of industry sector, such as: Agriculture, Forestry, and Fishery; Mining and Quarrying; Manufacturing; Construction; and Wholesale and Retail Trade, Repair of Vehicles and Motorcycles.

Among the five industries, mining and quarrying and manufacturing are the categories that have increased their role. On the other hand, the role of Agriculture, Forestry, and Fisheries and Construction still play a large role but gradually decreasing. While Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles industry role fluctuates but tends to decrease. Meanwhile, the role of other industries, each less than 5 percent.

The role of Agriculture, Forestry, and Fisheries is still quite large even though it is declining. One of reasons is the reduction in the area of land in the industry. The slow increase in the price of these industries products compared to another products is also a cause of the reduced role of the agriculture, forestry and fisheries industry.

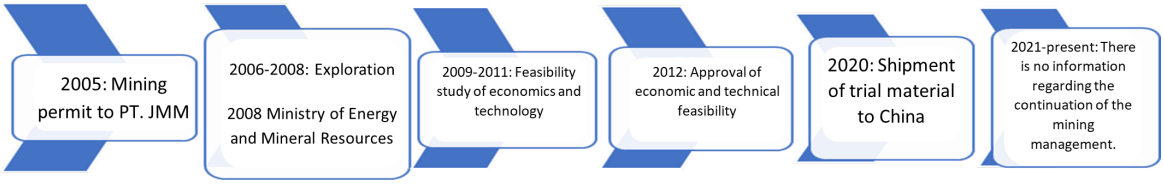
The increase in economic growth in 2022 is generally due to improving global economic conditions that affect the production of almost all business sectors. Business fields such as the Manufacturing, Construction, Financial and Insurance Activities, and Accommodation and Food Service Activities experienced a significant increase in production. This is the impact of mining companies operating in North Morowali, one of which is PT GNI. Imports of construction equipment such as heavy equipment, iron and steel grew positively, and then the recruitment of local workers on a large scale had an impact on increasing bank customer users and providing accommodation and food service around the company.

An overview of the Extractive Industries and Energy Projects in the Local Area

Based on the Geoportal Maps of the Ministry of Energy and Mineral Resources (ESDM Geoportal), North Morowali Dictrict has metal mineral potentials of Nickel, Cobalt, iron sand and gold. Currently, more than 30 Mining Licences (IUP) for low grade nickel in North Morowali, including PT. Sumber Swarna Pratama (SSP), PT. Cahaya Pure Prosperity and PT. Bumanik.

For the smelting industry, PT Gunbuster Nickel Industry (GNI) and PT COR Industri Indonesia have been operating. Gunbuster's smelter produces ferronickel with a production capacity of 1,800,000 tons per year, and PT COR Industri Indonesia's ferronickel smelter for stainless steel raw materials with a capacity of 100,000 tons of NPI/year.

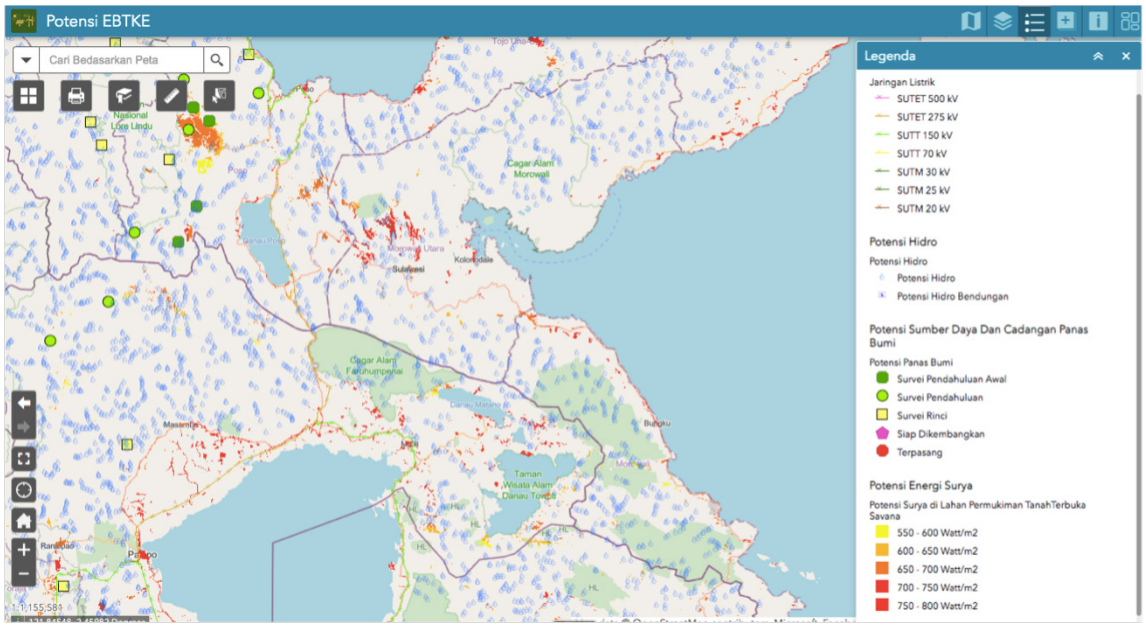
Figure 2 Mineral Map of North Morowali District



Source: ESDM Geoportal, 2022

For the Renewable Energy (RE), the North Morowali District is potential for micro-hydro and several locations of potential geothermal resources which are only in the initial survey stage. However, from the map it can be seen the installed RE resources in North Morowali District.

Figure 3. Renewable Energy Map of North Morowali



Source: ESDM Geoportal, 2022

Tiu and Maralee village's position is around or affected by extractive industry activities that are in the process of extraction (production) of nickels as critical minerals as the main materials of batteries. Their position is also near, and their communities are currently impacted by the mining activities from 2 companies concession PT. Sumber Swarna Pratama (SSP) and PT. Bumanik. Also are located not far from nickel smelters PT. Gunbuster Nickel Industry (GNI).

A Description of the Energy Transition's Current or Expected Impacts in the Area.

Energy transition has become a crucial issue that encourages various countries to use renewable energy. Indonesia has ratified the Paris Agreement agreed upon at the COP 21 Summit in 2015 through Law (UU) Number 16 of 2016 concerning Ratification of the Paris Agreement. Through this agreement, Indonesia and other countries are committed to accelerating decarbonization and maintaining the global temperature target of 1.5°C (UNFCC, 2016) and to expedite decarbonization.

Through the G20 Summit in November 2022, the Indonesian Government launched two energy transition initiatives: the Energy Transition Mechanism (ETM) and Just Energy Transition Partnership (JETP). JETP is the the long-term partnership G7 with Indonesia aims to mobilize an initial $20 billion (€19.4 billion approximately) in public and private financing over a three-to-five-year period. This initiative is expected to accelerate Indonesia's transition from fossil

to renewable energy. Though the ETM is still being developed and under review, the scheme– by far– only concerns two main mechanisms; (i) Carbon Reduction Facility/CRF, and (ii) Clean Energy Facility/CEF.

Indonesia Government Indonesia, as one of the largest producers of critical minerals such as nickel, copper, and tin, also paying attention to areas like EVs and their batteries as new sectors for economic growth as well as green technologies. Indonesian government has an ambitious plan to establish an integrated domestic EV supply chain – upstream to downstream – from mining, minerals processing (smelting), battery precursory production, battery packs, electric vehicles manufacturing, and battery recycling This ambitious plan will not only affect the EV market, but also the upstream extractive sector.

The management of the mineral and coal mining industry is regulated by Law No. 3 of 2020 concerning amendments to Law Number 4 of 2009 concerning Mineral and Coal Mining. This Law no. 3 of 2020 regulates several important things, including: improving national mining governance, taking sides with national interests, legal certainty and ease of investment as well as environmental management. This Law is the government's effort to provide more legal certainty and investment certainty for both Contract of Work (KK) and Coal Mining Concession Work Agreement (PKP2B) holders related to mining industry activities.

This law also strengthens the policy of prohibiting the export of raw minerals and requires mineral mining companies to build smelters as a form of strengthening the mineral downstream industry in Indonesia. One of the impacts of this raw mineral export ban policy, the Indonesian Government has been challenged by the EU at the World Trade Organization (WTO) with arguing the ban “restricts the EU access to raw materials needed for stainless steel production and distorts world market prices of ores".

The Indonesia government continues to develop a mineral downstream policy road map, one of which is implemented by building On the other hand, the government continues to develop a mineral downstream policy road map, one of which is implemented by building industrial parks such as the Indonesia Morowali Industrial Park (IMIP) in Central Sulawesi province and the Indonesia Weda Bay Industrial Park (IWIP) on Halmahera Island in North Maluku province for processing nickel ore to support supply batteries to EV companies.

This shows that the energy transition also encourages the expansion of mineral exploitation and its derivative industries. The mineral extractive industries will have an impact on the income, employment opportunities and local procurement, as well as the company's social and economic contribution. The Data from Ministry of Finance show that in 2021, North Morowali District received IDR 23.2 billion from Mineral and Coal Revenue Sharing Fund (DBH) as

well as ranked 2nd after Morowali District in Central Sulawesi Province. At a macro level, the magnitude of the Extractive Industry's contribution to the regional economy can also be seen from its contribution to GRDP and also the large absorption of labour from this sector and the related Construction Services sector.

However, it also raises the issue of negative impacts that are increasingly widespread to the detriment of the communities, especially residents who live close to the industrial operation area. Currently, mainly related to the Pollution of Lake Tiu which is near to Tiu Village, the concession of PT. SSP is suspected of polluting Tiu Lake and threatening the livelihoods of communities around Tiu Lake. The concession of PT. SSP and PT. Bumanik was considered to be carrying out forest encroachment without regard to the environmental and economic impacts on the surrounding communities. The communities of Tiu Village who have a livelihood as farmers and fishermen on Lake Tiu protested openly so that the Regent of North Morowali Regency needed to step down to reconcile the conflict between the residents and the concessions holder.

Based on the results of initial interviews with the Village Heads of Tiu and Maralee Villages, it was found information related to the impact of mining which affects the lives of the village community and threatens the livelihoods as well as the livelihoods of the village community. The impacts of Nickel mining such as Ore mud in the rainy season often block waterways and bury villagers' agricultural land, in addition to threatening ecosystems and fish habitats in rivers.

The following is an excerpt related to the impact of mining from the results of interviews with the heads of Tiu Village and Maralee Village.

"During the flood season, many people's agricultural land will be submerged. Including my garden is submerged, because it often floods here the planting season is only once a year. Many tilapia fish in the lake died because of the mud from the company's activities. The deer in the village are no longer there, there used to be many."

(Acil Helai, Head of Tiu Village, North Morowali District)

"If it rains, the community's water sources are exposed to mining mud.

My garden failed to harvest, because it was submerged in water, my garden is a neighbour of the village the garden of the village head of Tiu"

(Faria Natalis, Acting Head of Maralee Village, North Morowali District)

The Regional Energy Policy Framework is based on the National Energy Policy Framework, namely the National Energy General Plan (RUEN). The policy on the Central Sulawesi Province General Regional Energy Plan (RUED) for 2019-2050 as outlined in the Central Sulawesi Provincial Local Regulation No. 10 of 2019 became the basis for the development of Renewable Energy Projects in Central Sulawesi Province.

However, there are a number of obstacles in the implementation of RUED in Central Sulawesi, for example limited regional authority and also budgeting in the exploitation of Renewable Energy, such as the use of water energy in the construction of micro-hydro power plants (PLT-MH), the utilization of solar energy such as Solar Power Plants (PLTS). roofs, increased Solar Public Street Lighting (PJUTS), and Energy Saving Solar Lights (LTSHE).

Another challenge, with the growing development of the nickel mining industry and especially smelters, requires a very large source of electrical energy. In the end, to meet the demand for electrical energy, smelter companies still depend on coal power plants.

Community Data Use Priorities

This project begins with a series of activities (component 1) on developing "Scoping Study and Assessment of extractive and energy transition projects and recommendations in North Morowali District."

This scoping study used EITI Guidelines to assess the status of related EITI disclosures at the subnational level including revenues from extractive projects managed at the subnational/community level, revenue transfers, social expenditures, employment opportunities, and environmental and social impacts. The guidelines discuss the following main components:

1. Policy and institutional framework
2. Production volumes and values
3. License and company information
4. Subnational budgets and revenue flows
5. Broader economic contribution
6. Environmental and social impacts

And got several findings that can be grouped into 3 categories:

1. Access to information

Related to the concept of energy transition and its impact, the communities in those villages only understand that the rampant exploitation of nickel mining and the growth of the smelter industry in North Morowali, is used for materials for battery products. The communities also understood several negative impacts of nickel mining, for example, the alleged concession of PT. SSP and PT. Bumanik who carry out forest encroachment without regard to the environmental and economic impacts on the surrounding communities; the existence of conflicts between Tiu Village communities with their live hood as farmers and fishermen on Lake Tiu with companies that are considered to have polluted Lake Tiu.

It was revealed that so far, the entry of the mining industry in the village did not begin with initial socialization with the communities or community leaders. The communities didn't know what the company's obligations are related to contract disclosure and the requirements for community involvement, especially in the management of environmental permit.

Communities around the mine didn't know much about various regulations related to mining management since the pre-mining period, during mining activities and post-mining.

There was no information around the mining location regarding the types of minerals being mined, the size of the mining area and the capacity or volume of the minerals being mined. There is very minimal information related to the company name and work on the company name sign located in front of the company office only. So far, the communities only knew that they would get a distribution of Rp. 3000,- (USD 0,2) for each truck that transports materials outside their village, and from this value it is divided into three villages, each receiving Rp. 1000,- (USD 0,067) per truck.

The communities didn't know much about the potential of mining and renewable energy in their area. When the communities were shown the spatial map on the ESDM Geoportal site belonging to the Ministry of Energy and Mineral Resources (ESDM), the communities were very enthusiastic because they could see the boundaries of the mining and the position of each village.

Regarding budget information, both regulations related to the budget, budgeting mechanisms and processes as well as budget documents, the public didn't know much. The communities, including the village government, only knows that the Village in preparing the village budget (APBDES) gets a budget from the district in the form of Village Fund Allocation (ADD). Com-

munity also still un-informed about the Revenue Sharing Fund (DBH) for the mineral and coal sector which is distributed in stages from the central level government.

The economic contribution of mining activities to the village is not very clear. So far, information regarding job vacancies in the mining sector has been obtained from the Department of Manpower. As known by the Village Government, the total number of communities working in the mining companies of Tiu Village is 100 people and 3 of them are women (from the total population of 1.410 in 2018) ; and In Maralee village, the total number of mining workers from the village is 125 people and 10 of them are women (from the total population of 512 in 2018). Women are usually employed for administrative matters. The communities also didn't know much if there is a project for the procurement of goods and services that will be carried out by the company or similar projects that are requested to be carried out by the village government. Several communities work in the informal sector, for example selling goods and services for mining labor or smelter labor. Another economic impact felt by the village from mining activities is an increase in prices or inflation, especially related to basic needs.

The communities didn't know much about the social and environmental responsibilities of the company. Regarding CSR funds, it is known that they are only given in nominal form to the Village Government, which is in the amount of Rp. 60 million per year. So far, the community does not know whether CSR funds should be given in the form of programs or in the form of cash assistance to the community. This ambiguity has the potential to cause conflict in the community, especially because of the non-transparent form of distribution from the company.

2. Utilization and information for the community

Based on discussions with the communities regarding how to improve transparency and governance of mining activities, the community agreed on the following points:

a. There is a need for socialization and explanation regarding the rules that underlie mining activities so that it can be used as a guide for the community to behave and supervise mining activities in their area.

b. The community hopes that several related regulations at the provincial and district levels will also be disseminated to the community.

c. There needs to be an explanation regarding the relationship between the village budget (APBDES) and the implementation of the mineral and coal's revenue sharing funds (DBH) for the Village.

d. There is a need for information related to permits for clarity on/and mining area boundaries.

e. There needs to be clarity regarding environmental permits and what are the company's environmental responsibilities and how they are implemented, especially in monitoring the environmental impact of mining activities.

f. There needs to be clarity and transparency regarding corporate social responsibility and obligations as well as CSR programs for the community so as not to confuse and cause conflict at the community level.

g. Tiu and Maralee Village Governments currently have village websites which are expected to be a means of socialization and information for residents. It is hoped that the website can function with the related data above as well as through the District and District Government websites.

3. The importance of building EITI at the local level

None of the communities in those villages knew about the EITI initiative and what data and information was produced by EITI. Although the community at the community level didn't know about EITI, after receiving an explanation from the consultant team, the communities seemed very enthusiastic about supporting it. The community has high expectations that the problems of mining impacts that currently threaten the Tiu Lake ecosystem which is a source of water, livelihoods and community livelihoods/food can be resolved, especially through mediation through multi-stakeholder forums. So far, the community has tried to report to various parties, including North Morowali Disctrict, Environment Office, Police, ESDM Provincial Office and Central Sulawesi Local Parliament Province but no concrete solution was found.

This scooping study also found gaps between the data and information available in the Indonesian EITI Report with the data and information needed by the communities and data that should be provided in the context of the mineral energy transition using the EITI Guidelines (See Annex 2)

In the component 2, the consultant teams conducted a series of activities such as training and multi-stakeholder workshops. These aimed to increase knowledge, capacity, and awareness of stakeholders on the impact of energy transition and extractive industries at the community level, as well as the importance of just energy transition. The activities were used to disseminate and follow-up of the study "Community Involvement in Just Energy Transition through EITI Implementation in North Morowali District". Also, were used to gather input and formulate

recommendations on improving natural resource governance and realizing a just energy transition, especially for the communities; and Formulated recommendations the opportunities for institutionalizing EITI in the local level.

Training "Strengthening the Role of Civil Society Organization (CSO) in Encouraging Just Energy Transition through EITI Implementation in Central Sulawesi" on January 16, 2023 has been conducted which produced some actions and recommendations as a form of expected follow-up.

Organized training for local communities "Increasing Community Participation in Improving Mining Governance and Just Energy Transition in North Morowali" in North Morowali District on February 6-7, 2023. This training had the aimed of not only increasing the knowledge of local communities in aspects of energy transition and the resulting impacts, but also obtaining identification findings related to information needs needed by the community by comparing information in the Indonesian EITI Report or a method known as gap analysis. The training also identifies spaces for community participation and access in the planning and mining governance policies.

Training "Institutionalizing Extractive Industries Transparency Initiatives (EITI) at the Local Level in Support of Just Energy Transition in Central Sulawesi" conducted on March 7-8, 2023 in Palu, Central Sulawesi (Sulteng). The training, which was aimed at Regional Apparatus Organizations (OPD) of Central Sulawesi Province, was attended by a number of OPD representatives, including from the Environmental Office; Forestry Office, BAPPEDA Office, Energy and Mineral Resources Service (ESDM) Office, Women's Empowerment and Child Protection Service (DPPPA) Office; Health Office; Communication and Information Office; Plantation Office, Central Sulawesi Ombudsman, etc.

Public Discussion entitled "Encouraging Equitable Mineral Transition Through EITI Implementation in Indonesia" on March 30, 2023, in Central Jakarta which have purposed to disseminate and discuss the follow-up of the two studies as well as gather input for the EITI Indonesia Multi Stakeholders Group (MSG) in improving natural resource governance and realizing a fair mineral sector energy transition, especially for the communities.

In the component 3, consultant teams are developing National Engagement Plan to provide guidance for the MSG EITI Indonesia the most important stakeholders that the MSG and national secretariat should engage with to advance this project's objectives. (See Annex 1)

Communities face a number of obstacles in gaining access to information regarding the impacts of the mineral transition, including:

1. Lack of information that is really needed by the community, especially the community around the mine.
2. The government has indeed provided a number of data and information through websites at Central Government, Provincial Government and District Government agencies. However, data and information are still very limited and not updated. In addition, most of the communities around the mine are located in remote areas where it is difficult to access electricity and the internet, so it is very difficult for the community to access information.
3. The communities were very enthusiastic when they heard about the EITI initiative at the national level, particularly on provide data and information in the extractive sector based on value chain. Unfortunately, the data and information provided in the EITI report have not reached the communities around the mine.

5. Opportunities and Challenges for Community Participation in Policy Debate and Decision-Making

Based on the result from the series of activities from the component 1 and component 2, particularly from several follow-ups plans and commitments agreed upon by participants, both from the community, CSOs, and the local government, several opportunities, such as:

High enthusiasm to established Local EITI from the participant from North Morowali District because they hope that the EITI initiative can be a way to find joint solutions between the community, government, and mining companies related to various problems. Participants also welcomed the idea of institutionalizing EITI in the local regions to encourage transparency and accountability in the governance of local resources in this case mining products and the mining products industry on the one hand and on the other hand as a means of involving the community as well as the government and companies in solving problems together. Particularly, from the participant from North Morowali Local Government invite consultant team to meet with Head of District to discuss next followed up

From CSO's in Central Sulawesi, they had commitment to strengthen the network to oversee the energy transition, including the need to expand the socialization of EITI reports to the regions, including areas around mines or renewable energy projects. The need to strengthen the substance of EITI reports that are more comprehensive, adding data and information needed by the public in platforms such as Minerba One Data Indonesia (MoDI); Expansion of socialization of the implementation of Law Number 1/2022 concerning Central and Regional Financial Relations (HKPD Law); and institutionalizing reconciliation forums with mining companies and companies that develop renewable energy.

From the results of the training for Regional Apparatus Organizations (OPD) of Central Sulawesi Province, information was obtained that Communication and Information Office Central Sulawesi wanted to conduct a regional OPD sectoral data collection program and then publish it. Then Environmental Office and ESDM Office plan to hold a kind of environmental pollution prevention program, electricity subsidies for the underprivileged, and a development program for 48 climate villages. Meanwhile, DPPA wants to develop training for women to manage kitchen/home waste into biogas. In addition, participants were also interested in developing an education program for mothers to choose child nutrition that is not polluted by the mining industry to prevent child development disorders. Participant also had commitment to discuss with the Governor of Central Sulawesi to discuss on establishing Local EITI in Central Sulawesi

Also, several space for engagement opportunities that exists at the local level could use to amply data and information which needed by communities such as:

1. Using community meetings for dialogue and socialisation and increasing active participation of citizens through community meetings (women's groups meetings, youth village groups, sub village meetings, farmer groups meeting)
2. Maximising village planning process forums with special discussions on mining issues and energy transition (thematic issues).
3. Publication through the Local Government Office or Village Office website on the results
4. Report to the public periodically by letter or other media
5. Utilising media announcements in worship facilities (mosques, churches)
6. Publish posters, infographics, brochures using the local language, which are posted in strategic places in the village and distributed directly to the communities.

Communities face a number of challenges on participating in policy debate and decision-making process including:

1. There is no multi-stakeholder forum at the local level that can bridge dialogue between the community, village government, district government, provincial government, central government, and companies to discuss problems in the field.
2. Participation in policy making process has so far been limited conducted in Jakarta (Capital City), or in big cities and very rarely involves the community at the site level or the local community.
3. Although the Government has claimed conducted public consultations, provided an online complaint-handling mechanism. However, again, affected communities who are in remote areas, do not have access to participate.
4. There is no public participation channel that is easily accessible to the wider community to provide input on the policy making process.
5. The communities were very enthusiastic when they heard about the EITI initiative at the national level with their multi-stakeholder's forum. Unfortunately, Unfortunately, the existence of EITI has not yet reached the community.

Recommendations

1. For Central Government, particularly Ministry of ESDM and Ministry of Finance as a leading sector on MSG EITI Indonesia

a. Socialization is needed from the Central Government to the Provincial and Regency/ Municipal Governments regarding the importance of transparency and accountability in the natural resource sector, especially the mining sector, so that the regions can provide the information needed by the community and stakeholders in the mining sector, especially related to related policies.

1. Socialization methods could be adapted with the available information channel for community, such as;

i. Community meeting using the program of village office,

ii. Brochures with information charts,

iii. Local government websites,

iv. Village official websites, etc.

2. Some kind of most important information for community are;

i. Laws and regulation that stated community rights on mining licensing,

ii. Basic information on mining companies; legal status, owners.

iii. Basic information of sub-contractors those operates in the mining sites.

iv. Basic information on the mining concession such as; mining borders, mining projection plan, the capacity and production volumes, etc.

v. Information regarding the environmental governance protection program (AMDAL/UKL-UPL) by the companies. This includes the reclamation, reforestation and after mining programs.

vi. Information regarding jobs opportunities and community engagement with mining programs.

vii. Information on government budget transfers to community through village budget programs.

viii. Information regarding corporate responsibility (CSR) fund or program to community.

b. It is necessary to intensify promotions related to EITI initiatives at the regional level to the district/city and village levels so that the community can participate in encouraging the implementation of all the value chains of EITI at the regional and community levels.

    1. The initiatives in regional level could be done with some recommended following activities as needed;

        i. Follow up on intensive discussions with local government regarding this assessment results and looking for possible wider assessment on government programs and plan regarding EITI value chain on provincial and district levels.

        ii. Promoted for a routine six monthly Multi stakeholder forums in provincial and district level.

        iii. Involving more local actors from NGO's and Media as EITI promoter's and volunteers in local level.

c. The Ministry of Energy and Mineral Resources needs to encourage dashboards for transparency and accountability facilities for evaluating the implementation of EITI commitments to the provincial and district/city levels that can also be used by the community.

d. The Ministry of Energy and Mineral Resources needs to strengthen coordination with relevant agencies, especially in overcoming the impacts of mining that damage the environment and have further impacts on the social and economic activities of the communities around the mines.

2. For The Local Government (North Morowali District)

    a. Local government have to support for the institutionalisation of EITI in North Morowali in the process of preparing for the energy transition at local level. For example the availability of data portals according to the extractive industry value chain, provision of information on funds for mines, production volumes, and sales prices of nickel, cobalt and geothermal, IUP, CSR program funds, socio-economic and environmental impacts, environmental impact analysis

    b. There needs to be more frequent multi-stakeholder forums at the Provincial and District City levels by involving the community and other stakeholders such as; local ombudsman, local transparency committees, journalists and local NGO's.

3. The Local Government (Central Sulawesi Province)
    a. Education on Renewable Energy for the community around the Mining Industries.
    b. Provide portal data and socialisation of EITI-platform dan EITI report at local level.
    c. Provide the result of regular environmental impact monitoring
    d. Monitoring how to overcome the social and environmental impacts that have been carried out. Example: stunting, clean water crisis, food security.
    e. Local government have to support for the institutionalisation of EITI in Central Sulawesi in the process of preparing for the energy transition at local level.
4. For Local CSO's
    a. Active participation through community meetings (women's groups meeting, sub village meetings, for discussions specifically on mining issues and the energy transition (thematic issues)) with local government and company.
5. For mining and smelter companies
    a. Intensive dialog with communities around mining industries.
    b. Responsible for the environmental impact of mining
    c. Disclosure the program and budget allocation of CSR for communitie

Annex 1

Information category	Availability of existing EITI disclosures	Availability of disclosures from other sources	Community interest in disclosures	Community use of existing disclosures	Notes
Policy framework for the energy transition	Low	Medium	Medium	Low	
Legal and institutional framework for the extractive industries	High	Medium	High	Low	
Production volumes and value	Low	Medium	High	Low	EITI Report 2019-2020 Page 85-97 (Data aggregate production and export of minerals and coal) in Indonesia Data on production volume and production capacity per company are not available
Licenses, contracts and company ownership	Low	Medium	High	Low	EITI Report 2019-2020 Page 53 and 168: Mention Minerba One Data Indonesia (MoDI), Platform which provide list of mineral and coal mining companies registered in Indonesia Page 52 - 53: Specific stages and types of mining and coal sector licensing The list of companies is only PKP2B but not complete The list of permits in the regions is not included in the report
Subnational revenue flows	Medium	High	High	Low	Laporan EITI 2019-2020 Page 98 -108: Local government budgets are only for regions with the highest income and not all regions There is information regarding the process of collecting extractive sector revenue sources and the allocation of distribution from the center to the regions. Only limited to regions with the largest income or DBH, not all regions (5 provincial and city districts)
Subnational budgets	Low	High	High	Low	Laporan EITI 2019-2020 Page 98 -108 Local government budgets are only for regions with the highest income and not all regions There is information regarding the process of collecting extractive sector revenue sources and the allocation of distribution from the center to the regions. Only limited to regions with the largest income or DBH, not all regions (5 provincial and city districts)

Local jobs and opportunities for local businesses	Low	Low	High	Low	
Community investments by extractive companies	Low	Low	High	Low	
Environmental and social impacts of the extractive industries	Low	Medium	High	Low	EITI Report 2019-2020 The data is only related to SOEs and SOE subsidiaries There is no payment data available, only the 2018-2020 Minerba PPM program is available (10 Minerba companies)

Annex 2: Gap Analysis between Indonesian EITI Report with Energy Transition EITI Guidelines

1. Policy and institutional framework

Question	Suggested data source	Response	Data availability in EITI Report Indonesia 2019-2020
2.1 Is information available on government policies and plans for the extractive industries and/ or renewable energy sector that might impact the community?	EITI Requirement 2.1 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 12 - 28
2.2 Is information available on the laws and regulations governing the extractive industries and/or renewable energy sector? [This could include information on the fiscal regime governing the sector, including the level of fiscal devolution]	EITI Requirement 2.1 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 12-28
2.3 Is a description available of the roles and responsibilities of different government agencies involved in the governance of the extractive industries and/ or renewable energy sector, particularly those involved in the governance of projects located in the selected community?	EITI Requirement 2.1 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 12-28 Page 27 Environmental Sectors Page 28 Related to investment, public services, labour and access to information

2. Production volumes and values

Question	Suggested data source	Response	Data availability in EITI Report Indonesia 2019-2020
3.1 Is data available on production volumes / production capacity for extractive industries and/or renewable energy projects located within the community?	EITI Req. 3.2 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 6-7 data agregate Page 76-83 data of production and export of mineral and coal 2019-2020.
3.2 Is data available on production values for projects located within the community?	EITI Req. 3.2 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 6-7 data agregate production and export of minerals and coal 2019-2020. Data on production volume and production capacity per company are not available

3.3 Is other information available on the area's potential for extractive industries and/or renewable energy? [E.g. geological data, announcement of licensing rounds or auctions, timelines for new projects]	EITI Requirements 2.2, 3.1 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 68-75 There is data related to Mineral and Coal potential in the 2019-2020 report complete with coal greenfield exploration companies.
3.4 Is information available on artisanal and small-scale mining (ASM)? [E.g. information on the minerals being mined, the scale and location of activity, estimated number of miners]	EITI Req. 6.3 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 41 Information on the number of mines per province is available without specifying the name of the company, license number and location of people's mines Central Sulawesi has many smallholder mining locations but they are not listed in the report as a legal community mining category

3. License and company information

Question	Suggested data source	Response	Data availability in EITI Report Indonesia 2019-2020
4.1 Is license information available for projects located within the community? [This could include project name; company name; project location; date of application, date of award and license duration; project type]	EITI Req. 2.3 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Specific stages and types of mining and coal sector licensing Page 39-41 The list of companies is only PKP2B but not complete Pages 83-87 there is a list of processing companies (smelters) The list of permits in the regions is not included in the report
4.2 Are the contracts for extractive industries and/or renewable energy projects publicly available?	EITI Req 2.4 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 40 is only the total number of contracts by type of contract/ license. No company name details
4.3 Is ownership information available for projects located within the community? [This could include information on major shareholders, as well as details on beneficial owners, including the percentage of shareholding, domicile and politically exposed person status]	External sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Page 39-41 No proprietary information available.

4. Subnational budgets and revenue flows

Question	Suggested data source	Response	Data availability in EITI Report Indonesia 2019-2020
5.1 Is data available on local government budgets? [This could include the total budget size, information on the proportion of the budget derived from the extractive industries and/or renewable energy sector, and details on budget allocations]	EITI Req 5.3 and external sources	Yes / No / NA	Page 90 -100 Local government budgets are only for regions with the highest income and not all regions
5.2 Is data available on local government budgeting processes and rules? [This could include information on who is involved in decision-making, consultation requirements, and whether revenues are ring-fenced for specific expenditures]	EITI Reqs. 5.2 and 5.3 and external sources	Yes / No / NA	There is information regarding the process of collecting extractive sector revenue sources and the allocation of distribution from the center to the regions.
5.3 Is data available on revenue transfers between the national and local government related to the extractive industries and/or renewable energy sector? [This could include data on the value of transfers, as well as on any data discrepancies (e.g., between amounts reported by the national and local government, or discrepancies between the amount due and the amount actually paid)]	EITI Req. 5.2 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	Only limited to regions with the largest income or DBH, not all regions (5 provincial and city districts)
5.4 Is data available on direct revenue payments from companies to the local government? [This could include data on the value of transfers, as well as on any data discrepancies (e.g., between amounts reported by the company and the local government, or discrepancies between the amount due and the amount actually paid)]	EITI Req. 4.6 and external sources	Extractive industries: Yes / No / NA Renewable energy: Yes / No / NA	This data is not available in the Government EITI report
5.5 Are forecasts available for the local government budget? [This could include the estimated total budget size in coming fiscal years, the anticipated contribution of the extractive industries and/or renewable energy sector to the budget, or the contribution of individual projects to local government revenues over the project lifecycle]	EITI Req. 5.3 and external sources	Yes / No / NA	Not available (N/A)

5. Broader economic contribution

Question	Suggested data source	Data source used (add links where available)	Data availability in EITI Report Indonesia 2019-2020
6.1 Is data available on the employment of community members by extractive industries and/or renewable energy projects? [This could include data on the total number of community members employed in the sector, the proportion of project jobs held by community members, as well as information on whether this data is disaggregated by role and gender]	EITI Req. 6.3 and external sources	Not available (N/A) on formal links, only from community discussions	Not available (N/A)
6.2 Is data available on local procurement of goods and services by the extractive industries and/or renewable energy sector? [This could include data on the number of local firms providing goods and services to the sector, the value of procurement contracts going to local firms, the proportion of total procurement spending going to local firms, and the number of community members employed by such firms]	External sources	Not available (N/A)	Not available (N/A)
6.3 Is information available on social expenditures by companies operating in the community? [This could include information on the value of payments, as well as on the purpose and beneficiaries of payments]	EITI Req. 6.1 and external sources	Not available (N/A)	Only related to SOEs Private companies are not available in the report

6. Environmental and social impacts

Question	Suggested data source	Data source used (add links where available)	Data availability in EITI Report Indonesia 2019-2020
7.1 Are environmental and social impact assessments and associated government approvals publicly available?	EITI Req. 6.4 and external sources	Not available (N/A)	Page 101 - 127 The data is only related to SOEs and SOE subsidiaries
7.2 Is data available on environmental payments by companies, including fines or amounts allocated for decommissioning?	EITI Req. 6.1 and external sources	Not available (N/A)	There is no payment data available, only the 2018-2020 Minerba PPM program is available (10 Minerba companies) Page 136-137
7.3 Do companies publicly report environmental, social and governance data? [This could include disclosures related to:	External sources	Not available (N/A)	Not available for private companies only from BUMN companies including Holding companies and Subsidiaries. Page 113-127